

**North Carolina 911 Board
MINUTES
January 16, 2009**

<u>Members Present</u>	<u>Staff Present</u>	<u>Guest</u>
Jason Barbour (NCNENA)	Ron Adams (ITS)	Jerry Boggs (Catawba Co/NENA)
Wayne Bowers (NCLM)	Richard Bradford (DOJ)	Valerie Carter (ITS)
Robert Cherry (Police Chief)	Marsha Tapler (ITS)	Jim Clark (Synergem)
Alan Cloninger (Sheriff)	Richard Taylor (ITS)	Michael P. Cone (Wilson Co/NENA)
Frank Cairon (CMRS) by phone		Karen Fink (Verizon Business)
Dave Corn (LEC)		Tim Gundlach (L.R. Kimball & Assoc)
Bill Craigle (CMRS)		James R. Holloway (ECU)
Christi Derreberry (CMRS) by phone		Shawana Hudson Karkouki (Thomas & Gibbs, CPAs)
David Dodd (NCAPCO)		Mick Reed (Washington Police Dept)
Joe Durham (NCACC)		Glenn Roach (Intrado)
Margie Fry (VoIP)		Elaine Seeman (ECU)
Jerry Jones (LEC)		Christy Shearin (Franklin Co 911)
Wesley Reid (NCNENA) by phone		Marsha Withrow (CFD/NCAPCO)
Slayton Stewart (CMRS)		Donna Wright (Richmond Co 911)
Laura Sykora (LEC)		
Jean Thaxton (LEC)		
Bill Willis (Deputy NC CIO)		
<u>Members Absent</u>	<u>Staff Absent</u>	

Chair's Welcoming Remarks:

Chairman Willis called the meeting to order at 10:00 AM, acknowledging Board members Christi Derreberry and Frank Cairon participating through teleconference.

Ethics Awareness/Conflict of Interest Statement

Referring to the conflict of interest statement printed on the agenda in accordance with G.S. 138A-15, Chairman Willis asked if any Board members wished to note any potential conflicts of interest in matters coming before the Board today. None were cited.

Approval of Minutes

Chairman Willis asked if any member of the Board wished to offer any corrections or modifications to the minutes of the November 21, 2008 NC 911 Board meeting. Chief Cherry made a motion to accept the minutes as presented, Slayton Stewart seconded, and the motion carried unanimously without abstention.

Update on PSAP Fund Distribution and Revenues Received to Date

Richard Taylor observed that staff is continuing to track revenues, reminding Board members that the distribution percentages had reverted to 48% to PSAPs and 52% to CMRS providers pursuant to the Board's decision at the November meeting. He drew attention to the PSAP fund balance of \$2.9M that will be available for per capita distribution after December's base amount distributions have been made. He reported that nearly all the issues regarding distribution to the Eastern Band of Cherokee Indians had been resolved, and that he anticipated paying them next month to bring them up to date with their base amount distributions. Chairman Willis asked if encumbrances regarding outstanding unresolved distribution problems such as with Lee County were factored into this report. Marsha Tapler replied that such encumbrances did apply to the \$2.9M, i.e. that any payment made to Lee County once its issues are resolved would have to come from that balance. Chairman Willis asked Ms. Tapler to closely watch those encumbrances and where we are with that obligation and report that status at the next meeting.

Sheriff Cloninger asked if we would be subject to any reversion of these funds to the State. Chairman Willis replied he did not think so, but observed that we might be a potential target for a raid. Sheriff Cloninger asked if we were raided, would we possibly be put in a position that would not allow us to make PSAP fund distributions. Chairman Willis said that he did not expect the target to be the PSAP fund, but rather the CMRS cost recovery fund. Richard Taylor observed that in the past the cost recovery fund balance has been the red flag that drew the attention.

Wayne Bowers asked what PSAPs are still not receiving their base amount distributions. Marsha Tapler named the Eastern Band of Cherokee Indians and Lee County. Chairman Willis reminded everyone that the issue with Lee County is that the county appears on the FY2007 Treasurer's Report, but does not operate a PSAP; the City of Sanford operates a PSAP, but does not appear on the Treasurer's Report. Money cannot be distributed to the County because it doesn't operate a PSAP, and money cannot be distributed to Sanford because it doesn't appear on the Treasurer's Report. Chairman Willis said that staff has had many conversations with both parties to try to reach an acceptable resolution to this technical problem, but that the ball is now in their court. The County and the City have to work out some sort of an official agreement before any disbursement can be made.

Observing that we recently implemented the 48%/52% split, Slayton Stewart said that given these encumbrances, it seems like the PSAP fund might not have enough of a cushion, and asked if we should reconsider the 48%/52% split. Chairman Willis noted that this had been a topic of internal discussion among staff, with the determination

being that since the PSAP fund is zeroed out with a per capita distribution of any fund balance remaining at the end of the year, there is no incentive to maintain a cushion. Mr. Stewart asked if Chairman Willis was comfortable with the existing balance being sufficient to meet our obligations. Chairman Willis replied he was. Richard Taylor added that Marsha Tapler sends him a report every Monday, so they are staying on top of this every week to ensure everything is okay. Chairman Willis added that if there are indications that a potential problem will arise, he will call a teleconference meeting to make any necessary adjustments to those percentages.

Presentation of 2007-2008 911 Board Annual Audit

Chairman Willis invited Shawana Hudson Karkouki from the firm of Thomas & Gibbs, CPAs, to present the results of the June 30, 2008 audit. Ms. Karkouki said they were pleased to report that in the Independent Auditors Report the fund received an unqualified opinion, noting that they applied generally accepted auditing standards as well as Government Auditing Standards in the course of the audit. She said they also issued a report on their consideration of the fund's internal controls, which she said she would examine more closely later in the presentation. Turning to Management's Discussion and Analysis, she advised that they do not offer an opinion on that, but they do apply limited procedures to make sure that there are no discrepancies between what management is reporting and what they are reporting in the basic financial statement.

Referring to a condensed summary balance sheet, Ms. Karkouki noted that both revenues and liabilities increased over 2007, observing that was due in large part to the mid-year change in revenue collections and disbursements brought on by the new legislation that took effect on January 1, 2008. She offered a sample of the audit procedures applied, noting that they confirmed cash and cash equivalents, tested controls over accounts receivable and revenue recognition process, confirmed State Treasurer's Security Lending Collateral, and reviewed transactions that occurred subsequent to June 30, 2008 for evidence of proper cut-off and appropriate accruals. She pointed out that adjustments were required to increase accounts receivable and accounts payable by \$804,120 and \$6,102,873, respectively, based on analysis that occurred for the distributions at year end. She said their procedures indicated that these adjustments were necessary to correctly reflect the fund obligations and what was due back to them at the end of the year. She added they also tested fund balance classifications as relates to reserved and unreserved components.

Referring to a condensed summary statement of revenues, expenditures, and changes in fund balance, Ms. Karkouki noted that 2008 revenues exceeded those from 2007 due to the inclusion of wireline service revenues effective January 2008. She reported that among the audit procedures applied regarding revenues and expenditures were detailed tests of transactions and analyses of account relationships and classifications. She noted that an adjustment was required to reclassify \$53,549.00 in service fee income relating to prepaid service provider remittances to short term liabilities because during the moratorium on prepaid collections these were not to be included in revenue.

Ms. Karkouki said that with changing standards that have occurred in the auditing entity, they now evaluate certain risks in the overall internal control over certain reporting processes. Because there were some significant adjustments required to correct

inaccurate information used to estimate required distributions, they issued a finding on the internal control over financial reporting basically saying that these were material adjustments that were required that could indicate ineffective control over these processes in the form of the accrual, and if they were not corrected in the course of the audit, they would have resulted in an error in reporting of expenditures and revenues. She said this was because at the end of the year the fund was still evaluating the baseline amounts for distribution, and through their own methods they determined that additional amounts were necessary. These were subsequently corrected through modifications of the distributions that were paid to the PSAPs in FY 08-09, but since the audit evaluation was for a certain period of time, Thomas & Gibbs determined that those amounts should be accrued back to June 30, 2008. Ms. Karkouki said management had issued a response, which she noted could be found on page 18 of the financial statement. She asked Richard Taylor if he would like to add anything to that.

Mr. Taylor deferred to Chairman Willis, who asked if the members of the Board understood what this particular issue was about. Laura Sykora asked if it wasn't a timing issue, and Chairman Willis replied that it was, indeed, a timing issue. He recapped the discovery that known errors existed in the reporting of wireless revenues on the FY 2007 Treasurer's Report, with the implication being that similar errors were also likely in the reporting of wireline revenues. He reminded everyone that a determination to reconcile those errors was made, and contact was made with all the wireline providers requesting that they provide their wireline fee disbursement information during that period so that the amounts could be reconciled. That reconciliation indicated that some PSAPs had either been underpaid or overpaid during fiscal 2008, but that determination was not made until September, after the close of that fiscal year. He said that timing issue is what generated the discrepancy here, and noted that we are correcting those disbursements by either withholding or adding to this year's disbursements to even it out. He said there was discussion of controls, or the lack thereof, which caused this issue, but management does not believe that we can craft a control which would help us take care of changes made by the legislature at the point in time that caused the problem. He said that management does not believe that additional controls are necessary going forward; that appropriate steps were taken to deal with it.

Wayne Bowers asked if the process of truing everybody up is now complete, and Chairman Willis replied that it is. Richard Taylor reminded everyone of the discussions the Board had regarding this topic during the first six months of its tenure. He said that he thought Thomas & Gibbs' recommendation was that we request refunds from the PSAPs, but management's action was not to do that but to adjust future payments accordingly.

Ms. Karkouki observed that they issue a second report in addition to the financial statement that essentially confirms that they are independent with respect to the financial statement. They don't believe there are any uncorrected misstatements going forward, meaning that they accept management's response. She noted that the reports that were in the packet were still in draft because they perform their audit under contract with the Office of the State Auditor, and at that office's release the final financial statement will be available.

Slayton Stewart asked Ms. Karkouki how the international accounting principles being adopted in the U.S. would impact these financials and the audits thereof. Ms. Karkouki stated that she had not evaluated how that would impact the fund at this time, but that they will certainly be considering that in their final contract year with the audit for 2009.

Noting that he asked this a year ago, Jerry Jones asked if there was any way to get the audits done faster, saying it seems to take a really long time. Ms. Karkouki replied that there is a process they must adhere to, and they must wait for the closeout process on the AFIR to be completed before they can begin. Chairman Willis observed it would be difficult to move much more quickly, as we have to wait for everything to be closed out and get the Controller's final report and then there is a month and a half of draft reports back and forth with management to get all this accomplished.

Richard Taylor added that he felt everyone who participated this year did a great job of incorporating comments that were made last year. He reminded everyone that this presentation was made in June of last year, so this report came nearly six months sooner. He said management and the Thomas & Gibbs staff were very cognizant of the timing issue, and at their first discussions this year that was one of the key points they considered. Mr. Taylor thanked both that staff and the ITS staff in the fiscal department for a job well done.

Update on Rule Making and Consideration

Richard Bradford reported that the committee addressing rules met recently to review some revisions to the prior draft, principally including refinements to some of the definitions, a few cosmetic changes, and other rules conforming the grants section of the rules to the Grant Policy & Procedures that were adopted at the last meeting. Noting that these were distributed to Board members last week, he said that he doesn't have any specific comments other than to say that at this point he thinks the draft rules are ready to proceed with the process, which includes vetting them through the Rules Review Committee and then moving forward for a public hearing and adoption. He offered to field any questions, adding that if some came up after the meeting, Board members should feel free to contact either him or Ron.

Update on Education Plan for PSAPs, Finance Directors and City/County Managers

Richard Taylor reported that after a hiatus for the holidays, things were back on track with seminars scheduled next week for Rockingham, Winston-Salem, and Greensboro, and the week after that in Raleigh, Vance County, and Tarboro. He said he is getting scheduling set up for February, and anticipates completing all the seminars by Feb 20 or 21. He said the seminar has been very well received, with lots of good comments and questions and information being discussed, adding that the video for the website has been completed and is being reviewed and will be posted soon. He said that with the exception of snow that prevented Swain County from attending the seminar offered in its area, at least one representative from each primary PSAP governing agency has attended. Slayton Stewart asked if the Frequently Asked Questions were available yet, and Richard said we are still putting that together and will post it with the video.

Discussion and Approval of Legislative Report

Chairman Willis observed that this being an odd numbered year, we are expected to provide a report to the legislature in February. Noting that all Board members have received and had an opportunity to review this report, he opened the floor to Board comment. Richard Taylor said that he had been made aware of some spelling errors that will certainly be corrected. He added that Guilford Metro/Greensboro had inadvertently been left off of the list of PSAPs, and would be added back in, and that some Board member term expiration dates are incorrect. He also acknowledged that Frank Cairon had been appointed by the Speaker of the House, not the President Pro Tem of the Senate, observing that as many times as he has re-read the report he didn't note that until last night.

Mr. Taylor said he tried to highlight everything that this Board has worked on over the past year. He said the statute requires reporting of the Board financial information and the PSAP financial information. He said he took the liberty of proposing some ideas for future goals and activities as an action plan for the next two years, but observed that if members don't agree with the action plan he's certainly open to suggestions. He noted that he does think completing the Comprehensive Statewide 911 Plan should be the top priority. He reported we are in the final steps of completing an online grant application and hope to move forward quickly with that process. Regarding rule making, he reminded everyone that Richard Bradford had predicted that would be a long process, adding that he (Mr. Taylor) anticipated it would be one of the action items requiring attention next year.

Referring to the action item exploring new funding models, Mr. Taylor said that he believes the current model was designed to make the transition from multiple locally collected fees to a single statewide collected fee; that it was a method used to get that process started, but not one that was intended to last forever, simply because we know that there are some PSAPs that are overfunded and some that are underfunded. He said that he thinks it is also time to re-examine wireless carrier cost recovery; how feasible is it to continue that program since basically all wireless carriers are deployed now and have moved to a maintenance mode? For those reasons, among others, Mr. Taylor said he really thinks we should begin looking at a new funding model. He speculated that information provided in the Intrado report will certainly help us understand what the actual cost of running 911 in North Carolina is. He noted that the bulk of revenue is being collected by the wireless carriers and that whether that is a sign of the times with people abandoning wireline for wireless and VoIP or not, it is certainly something that deserves close scrutiny.

Chairman Willis observed that the audit report presented earlier clearly showed we have already accrued \$10M more this year under the current funding model than we are disbursing; that we are clearly over-collecting. He said that he was going to bring this topic up later, but since it had come up now, he wanted to get opinions from the Board regarding it. He said that if it were up to him, he would want to get a number of alternative recommendations from the staff about what the fees might be, how they might be structured, etc., for consideration by the Board so that it could make recommendations for legislative changes. He added that he doesn't believe we should be in the business of collecting more than we need through this mechanism, noting that

what we need might need to be defined. But whatever that is, he observed that what we are allowed to use funds for and the amount of funds being collected is out of balance.

Laura Sykora asked if we were expected to request a legislative change in 2009 or is this something further out in the future, observing that in looking at the plan, maybe we have over-collected for 2008, but we haven't yet determined what it's going to take to get where we want to go. Joe Durham concurred, noting that we're waiting to develop this plan, and we say this is one of our goals for 2009, and we're looking at making changes; shouldn't that all be wrapped up together? He said he would hate to make a change, such as a reduction in the fee, and come back a year later and say that in order to implement our statewide plan we need to raise the rate. Observing that we've established the plan as an action item for 2009, he said that implementing that plan would call for review, analysis, and recommendations related to rate structure.

Chairman Willis said that he agreed, but noted that we can't change what we pay out or who we pay under the current rules, nor can we change what the money can be used for. He observed that what we pay out is a fixed number, so we are going to continue to accrue more than we distribute, and that the surplus makes a tempting target. Mr. Durham said he understood and agreed with that, but feels that we should look at it from a long term perspective and not a short term one.

Richard Taylor observed that everyone is in agreement that the funding model needs examination, but added that, much as Ms. Sykora had intimated, we don't know what it is going to take to implement the plan. He cited Next Generation 911 as an example; we want to move in that direction, but we don't yet know what it is going to take to get there. He offered that maybe the \$0.70 rate is good, but we simply need to re-think how it is distributed.

Chairman Willis agreed, observing that is what we will need to talk to the legislature about. He said that he understands that next generation equipment would be eligible under current spending guidelines, but that if the Board wanted to fund other aspects of next generation, we don't really have the ability to shift the money to the right places, asking Richard Bradford if that was correct. Mr. Bradford replied that, unfortunately, the answer is yes and no, because part of it is certainly eligible, but the question is what might be included, and since that question really has an answer that is undetermined at this time, it's not really possible to project whether the \$0.70 is adequate or not. He said that in addition to that, we don't yet have a State plan that identifies where the monies should be focused, or where the effort should be focused, so it appears to him, from the conversation, the question isn't whether change may be needed, but when we will be ready to ask for that change.

Chairman Willis agreed, asking, understanding that we will not have a plan ready for this session of the Legislature, is there a change that we need to implement to empower our work for the next year that we could prepare for this legislative session? He said that what he's trying to get at is whether there is something we need to ask of the Legislature this year. Mr. Durham observed that if there were changes, he doesn't know what they would be, and would hate for us to go blindly pursuing some legislative action that's not based upon a lot of thought and us coming to the table and looking at what we want to do for the future. Observing that only a fool would disagree with the last part of

that statement, Chairman Willis agreed that we do not need to go down there hastily, but if we don't do something, by next year there will be \$30M in the CMRS fund. Mr. Durham observed that at the same time, if you have a plan to point to showing that these are additional costs associated with implementing the plan, we could say we need "x" number of dollars, and Chairman Willis finished the sentence saying that then we could go ask for the ability to use those dollars to pursue that plan. Mr. Durham concurred, saying: that's a plan, that's a strategy.

Jerry Jones disagreed, saying he didn't think we should accrue excess money for unknown needs in the future. He said he looks at it from the consumer's standpoint; they have no choice but to pay \$0.70/month, and right now they are getting a system that will not be changing until some other ideas are implemented. He said why make them pay \$0.70 if that amount of money is not needed. He said he prefers the idea of reducing the fee, saving the consumer some money but still accomplishing everything that the PSAPs need. Ms. Sykora replied that in reading through the plan she realized that we are going to need some additional funds, a "little bit of a bank account", whereupon Chairman Willis interjected that we currently don't have the authority to use the money that we have in that place to do those things, underscoring that is his whole point. He added that his problem is that he may have to be put in a place to defend the amount of money that we are collecting, but he cannot. Citing 62A-43(d), "Adjustment of the charge," he read "The 911 Board must monitor the revenues generated by the service charge. If the 911 Board determines that the rate produces revenue in excess of the amount needed, the 911 Board must reduce the rate", emphasizing the word "must". Ms. Sykora asked if that would give us the opportunity to come back in and increase it as well. Richard Bradford said that the legislation caps the fee at \$0.70, so as long as it remained that amount or less, the Board could adjust it up or down.

Mr. Durham said that although he appreciates Mr. Jones' position, he feels that an arbitrary change is not a solution, that someone must perform some type of analysis or study looking at the current rate, disbursements, etc., and asked who would do that. Chairman Willis said he would ask staff to make recommendations for the immediate future, and Mr. Durham countered that was a significant demand to place on staff, that the analysis and review requires a great deal of professional skill in those areas, adding that he was not disparaging staff but simply acknowledging that a great deal of expertise in the area is necessary.

Chairman Willis suggested staff develop a couple of alternatives and potentially identify someone from the outside who could help us validate the recommendations, and if the Board feels it is necessary to have those alternatives validated, follow that route. Wesley Reid asked if the funding discussion centered on the 1% administrative fund or additional funding, and Chairman Willis replied it was not about the 1%, but about how current fund usage is so proscribed as to prevent the flexibility we might need, and in order to change that, we will have to go to the legislature to get that kind of flexibility. Mr. Reid responded that he clearly understands the points that Ms. Sykora and Mr. Durham are making, and that he believes we should take legislative steps if they are what's necessary to enable us to put money behind these words.

Sheriff Cloninger asked if we couldn't create a "rainy day fund", i.e. put money back for those future uses. Chairman Willis said the problem is we don't currently have the ability

to do that. Sheriff Cloninger then observed that, politically speaking, if you take something away and then try to get it back, not only is it unpopular, it sparks increased scrutiny. He said he feels that we should look at what we believe is an appropriate rate, but also this legislative session look at telling the legislators "this is coming", we'd like to put a percentage back for implementation, if that's possible. Chairman Willis said he understood, but we have to ask permission to even do that.

Richard Bradford offered that while the Board does have the ability to decrease the fee, the statutorily defined effective date of any decrease is going to be July 1 of an even numbered year, so if a legislative change in this session were to have an effect, that language would have to be changed to either "any year" or an "odd year" or something like that. Wayne Bowers asked if that would apply to any rate change, up or down, and Mr. Bradford replied that the statute simply says "A change in the amount of the rate...", so he would say that applies to any change.

Chairman Willis said that alleviates his concerns somewhat about pressing for an immediate change, since it won't take effect for another year and a half. He qualified that, however, by saying he can't help but believe, while agreeing that we don't want to do anything hastily, that we do need to begin considering some beginning of legislative change that will get us in a position next year to have more flexibility to do what we believe we need to do. He said he is going to ask staff, and any Board members inclined to participate in this discussion who wish to join them, to very quickly put together some ideas of what legislative changes we might be able to request in this session which would begin to give us, without looking like we're grabbing everything, the flexibility to do what we need to do and that we can defend very well; nothing horribly aggressive, but something we may need to do to get a start.

Slayton Stewart asked if he understood correctly that we couldn't make a rate change for a year and a half, and Chairman Willis replied that would be the case unless one of the legislative changes we requested was to allow us to more dynamically change the rate. Richard Taylor offered that what he thinks is so disheartening from the PSAP side is that when you look at next generation, which many of them are looking at, you see that in the current situation, "you can't get there from here". When you look at the \$20M sitting in the fund doing nothing, if we could just take some of that money and help create a next generation network or networks, or whatever is necessary to move forward, we could make some progress. He said what Mr. Jones said about us not making progress is correct, because we are too bound by the constraints put on the money.

Mr. Durham said that he agreed with Chairman Willis that we must take steps to move forward, adding, however, that based upon his past experience it is very likely that the Governor is going to take that money this year to balance the budget, so it's unrealistic to think that we could earmark it as a "rainy day fund". Slayton Stewart asked if moving to next generation 911 might not qualify as a "shovel ready project" in the current economic environment, but no one could provide a concrete answer. Chairman Willis replied that it may, but he just wasn't sure enough of all the details surrounding that.

Chairman Willis reiterated he was going to ask Richard Taylor and any Board members willing to contribute to that thought process to come up with some ideas, and to include

somewhere in this draft that we would like the opportunity to present requests for changes in the upcoming session. He said let's very quickly get the early changes that would give us a little more room to do what we think is the right thing, because we are very bound now by the current legislation. He asked Mr. Taylor to make some changes to this report reflecting this discussion and send it out to everybody for approval. He then called for a ten minute break, which began at 11:13.

Chairman Willis called the meeting back to order at 11:22, and recognized Jason Barbour before moving to the next agenda item. Mr. Barbour offered that if we think the fund is going to be raided, he would like staff to evaluate potentially changing the allocation percentages between the PSAP fund and the CMRS fund going forward to direct a larger percentage to the PSAP fund for distribution under the per capita distribution provision of the statute. He said that if the fund is going to be raided, why continue adding to it when it can be used to benefit the PSAPs. Chairman Willis said that's a possibility, but understand that they can raid that fund as well, and it doesn't change the eligible expenditures. Mr. Barbour acknowledged that, but pointed out that there are some PSAPs who currently don't receive enough to pay for all of their eligible expenditures, so this would help them in that regard.

Richard Bradford observed that in the past, when the fund has been "tapped", so to speak, the division of the fund was not addressed: the Board determined that. In the past, the order came simply to divert "x" dollars, period. The Board decided to take it from the provider side rather than the PSAP side. Mr. Barbour said that if the concern is about continuously banking more money, this is a way to reduce the amount being banked. Chairman Willis assured Mr. Barbour we will keep that in mind.

Update on 911 Grant Program

Ron Adams reported that Richard Taylor had asked him shortly after the last meeting to begin the process of creating an online application as well as one that could be submitted conventionally. He contacted the web development team, which was very busy with the governmental transition taking place, especially working on the new Governor's web page. Consequently, we have been placed in a waiting pattern, but the team has told us that they will be able to give us some dedicated time next week and the week after, so we hope to make substantial progress soon.

Presentation of Draft Statewide 911 Plan from Intrado

Chairman Willis recognized Glenn Roach from Intrado, who reviewed the discussion of this topic that took place at the last Board meeting, where a few Board members had offered suggestions regarding findings and recommendations. He said his team went back and pulled the findings and recommendations out of the existing report and did some specific work on putting together the document provided in Board members' packets today. He said they took the findings and recommendations and followed what they were in the three and the five year plans that were in the original report and made prioritizations based upon their knowledge.

Referring to a PowerPoint presentation, Mr. Roach addressed the initial recommendation in the three year plan, which is to implement strategic planning. He

said that although the Board does some planning, the previous discussion highlighted the need for more strategic planning. He added that this should be considered in both the short term and long term plans. Alluding to prior conversations between Intrado and Board staff, he observed there are definitely going to be things that require legislative change to implement. He said that is something the Board will have to consider as it looks at these recommendations going forward.

Regarding understanding the actual costs for providing 911 service, he said that will be a daunting task, noting that the difficulty they encountered in acquiring that information for this report was one of the reasons it took longer than expected to complete. He said another problem is that the Board is a funding Board, and that's based on requests from the PSAPs, so there is a lot of disparity throughout the State relating to technology and operations at the various PSAPs across the State. Saying he wanted to be brief, he asked Chairman Willis if there were any specific questions Board members might wish to ask him, since they have been able to review this information for a week.

Wesley Reid said he had more of a comment than a question, and that it was that he appreciated the work done on this report "boiling down" the information in the larger report to a more understandable level. He said he thinks the recommendation and prioritization plan is quite good, especially regarding strategic planning. Addressing Chairman Willis, Mr. Reid said that he thinks we really need to get back to a vision for this Board, because he is personally still a bit confused about what it is we're trying to accomplish as a Board. He asked if, when we're talking about next generation, are we talking about individual PSAPs developing their own plans, or are we saying that we're going to set the standard as a Board and we're going to work towards the standard whether it's 5 or 10 years down the road. Chairman Willis said he thought it was absolutely a fair question to ask what is expected of this Board in moving forward. He speculated that if he were a citizen he would think that this Board had a responsibility to make sure that funds were collected and distributed effectively and efficiently to provide 911 in all areas of North Carolina, adding, however, that he is not sure we are exactly empowered to do that right now. He said we may need to, as a Board, state what we think we are responsible for and what changes may be necessary to allow us to execute such a plan. He observed that some geographical areas of the State have excellent 911 coverage, while others are very challenged for whatever reasons.

Chairman Willis said that it is obvious, if you've read this report, that this is not something you do well at a very small scale, noting that maintaining and operating a one seat 911 center is very challenging. He observed that we don't presently have the ability to set standards for appropriate levels of service or what expectations should be, and in his opinion, whether it's done by this Board or someone else, those standards should be enunciated and put in place.

Sheriff Cloninger observed that when you are dealing with federal dollars, if you don't do what they want you to do, they take their money back. He asked if we couldn't require PSAPs to do what we want them to do (i.e. meet a set of minimum standards) before giving them money. Chairman Willis said that the only thing he believes we have the ability to do is set what an eligible expenditure is. Richard Bradford added, "Within limits." Chairman Willis characterized this time of transition as one where our hands are tied in front, in back, and our feet are tied together. He reiterated that we do need to

articulate a vision of what this Board and its role should be and then go ask for the authorities to do those things. He speculated that absent this Board taking responsibility for that, he didn't know where it would be done; we're the only game in town at this point. Sheriff Cloninger observed that we're the only one getting money, and that's how you get attention. Chairman Willis countered that is only if you have the ability to control the money.

Chairman Willis noted that the statute says we can't set standards, but it doesn't tell us that we can't develop them and understand what they need to be, so we need to think like that and prepare ourselves so that we deserve the responsibility we ask for. Jerry Jones said that since we are a funding Board, maybe there's a way that we could fund next generation 911 for PSAPs or communities of PSAPs that upgrade with a projected cost per capita of "x" amount, encouraging people to band together for cost efficiency while meeting technical standards that we recommend. Chairman Willis replied that there are two or three things that we have to accomplish before we can do that. One is that we have to develop a credible enough vision, both technically and standards-wise, that has to be supported by a number of different groups that are represented here to be credible. Then we have to take that credible vision and use it to go get the authority to control the money as Mr. Jones just said.

Sheriff Cloninger said that, as much as he hated them, it sounds like we might need to hold a retreat for a day or a day and a half. He observed that we run up here for two hours, run home and look at emails, and don't really have the time to actually have conversations without watching the clock because we do have to get home. Chairman Willis said he thought that was a wonderful idea, and asked if other members of the Board would be willing to participate in such an event. Mr. Durham observed that we're charged with developing and executing a State 911 plan, and that he thinks we are much further along than we were, now that we have these recommendations, but that we still don't have a plan that we can implement. He asked if we are required to present this plan, once it is complete, to some entity or Board or whatever. Mr. Taylor said that although it isn't actually spelled out, he thinks it is incumbent on us to present it to the three groups that receive this report. He added that in the early days of the Wireless Board they did come together several times for a day or a day and a half to work out its vision and fundamental precepts. He speculated that it would be very difficult to create a plan in two hour sessions or over email; that we do need to sit down and have an all day work session. He added, however, we would need everybody's commitment to make it work.

Chairman Willis said he is going to ask staff to lay out a tentative agenda and plan such a meeting. It would include at least one full day, and maybe, if required, another half day after that, so we can get people in and out without taking too much of their time. He said it will be a public meeting, so we will need to hold it in such a way that the public can attend. He observed that since there is such a large body of stakeholders in this arena, he would like to include a public comment opportunity as well. Mr. Durham asked if these stakeholders could be notified in some way in advance of the meeting, and also if it could be called a work session rather than a retreat. Chairman Willis agreed with both requests, adding that we clearly need to set a new direction for ourselves here.

Chairman Willis said he had a second thing that he wanted staff to do. He recognized that the results of this work session will be out a little further than we can expect to utilize with this legislative session, but that it seems obvious to him that in this legislative session we need to ask for the flexibility to adjust rates in a more timely fashion. He stressed that if we don't do something, it's a year and a half before we even get a chance to make a change. He characterized the problem as not "a year and a half out of whack, this is now out of whack", and asked staff to work on drafting something to this effect to present to the legislature. Mr. Barbour interjected that PSAPs are being funded at the 2007 expense level, which is not the case in 2009; that he would like to see the allocation to the PSAP fund be increased to benefit the PSAPs through the per capita distribution. Chairman Willis said that he didn't disagree, and that is obviously at the pleasure of the Board, but he would want to see something showing that the per capita distribution actually helps the problem we face.

Chairman Willis asked if anyone was willing to put forth a motion to accept the report from Intrado. Wayne Bowers made the motion, and Joe Durham seconded. Laura Sykora asked if accepting the report meant we were going to have to accept and follow through on all the recommendations. Chairman Willis said no, those decisions will be up to us; that this is simply accepting their work so he can pay their bill and move forward. Sheriff Cloninger asked that if we pay their bill, will they still be willing to come back for free if we have more questions. Saying that while he hasn't known many contractors that would undertake that on their own, Chairman Willis said he's certain we would be able to call them and get clarifying remarks on some of the things they said. He asked Mr. Roach if that was an appropriate assumption, and Mr. Roach said that it was. Chairman Willis called the motion, which was approved unanimously without abstention.

Chairman Willis said he would be in discussion with staff and will begin to craft something to send out to the Board regarding some of the next steps that we may need to take. He encouraged anyone to contribute suggestions for things we may want to ask for this year by sending them to Richard Taylor. He added that he believes this is, in fact, in the interest of the current economic situation, including Mr. Barbour's suggestion. He said it doesn't make sense to him to accrue a whole lot of money in these times that you are bound not to spend. Dave Corn asked if we haven't already lost that money anyway, whether we change rates or not; isn't the Governor probably going to take that money this year, no matter what we do? Chairman Willis said he cannot speculate what the administration is going to do, but it is a difficult financial year and money is required to do a lot of important things and that is a very attractive "honey pot", if you will.

Adjourn

With no further business before the Board, Chairman Willis entertained a motion to adjourn. Laura Sykora made the motion, Slayton Stewart seconded, and the meeting adjourned at 11:52 AM.